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**CAPITAL AREA UNITED WAY**

**FINANCIAL STATEMENTS**

**JUNE 30, 2020**

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**CAPITAL AREA UNITED WAY**

**FINANCIAL STATEMENTS**

**JUNE 30, 2020**

## TABLE OF CONTENTS

	<u>Page</u>
<u>Independent Auditors' Report</u>	1 - 2
<u>Financial Statements</u>	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Changes in Net Assets	8
Statements of Cash Flows	9
Notes to Financial Statements	10 - 21
<u>Supplemental Information</u>	
Schedule of Community Allocations, Grants, and Designations	22 - 24



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Capital Area United Way  
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the Capital Area United Way (the Organization), which comprise the statements of financial position as of June 30, 2020 and 2019, the related statements of activities, functional expenses, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Capital Area United Way as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule on pages 22 through 24 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
December 22, 2020

**CAPITAL AREA UNITED WAY**  
**BATON ROUGE, LOUISIANA**

**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2020 AND 2019**

**ASSETS**

	2020	2019
Cash and cash equivalents	\$ 8,098,169	\$ 4,984,098
Certificates of deposit	1,091,373	1,081,380
Campaign pledges receivable , net of allowances for doubtful accounts of \$410,709 and \$370,869, respectively	2,350,680	2,354,307
Building lease receivable, net of discount of \$164,641 and \$195,359, respectively	906,359	977,641
Other receivables	60,570	2,408,173
Prepaid expenses and other current assets	26,180	46,739
Investments	406,101	400,336
Property and equipment, net	72,178	91,164
Total assets	\$ 13,011,610	\$ 12,343,838

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Designations payable	\$ 427,188	\$ 606,692
Accounts payable	376	14,817
Other accrued expenses	127,996	87,329
Deferred revenue	106,546	122,641
Note payable	275,700	-
Unfunded pension obligation	220,994	207,956
Total liabilities	1,158,800	1,039,435

**NET ASSETS**

Without donor restrictions	5,550,010	4,828,548
With donor restrictions	6,302,800	6,475,855
Total net assets	11,852,810	11,304,403

Total liabilities and net assets	\$ 13,011,610	\$ 12,343,838
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The accompanying notes are an integral part of these financial statements.

**CAPITAL AREA UNITED WAY**  
**BATON ROUGE, LOUISIANA**

**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
<b><u>REVENUES AND SUPPORT:</u></b>			
Annual campaign, net			
Current year campaign	\$ -	\$ 6,391,217	\$ 6,391,217
Prior year campaign	318,838	-	318,838
Less: donor designations	-	(612,560)	(612,560)
Less: estimated bad debts	-	(388,544)	(388,544)
	<u>318,838</u>	<u>5,390,113</u>	<u>5,708,951</u>
Future campaigns, net	-	141,950	141,950
Total annual campaign, net	318,838	5,532,063	5,850,901
Program grants	126,230	15	126,245
Donated goods and services	4,856	-	4,856
Sponsorship revenue	207,431	-	207,431
Investment revenues	60,937	-	60,937
Special events	92,549	-	92,549
Settlement revenues	-	-	-
Other revenues	31,823	-	31,823
	<u>842,664</u>	<u>5,532,078</u>	<u>6,374,742</u>
Net assets released from restrictions	<u>5,705,133</u>	<u>(5,705,133)</u>	<u>-</u>
Total revenues and support	<u>6,547,797</u>	<u>(173,055)</u>	<u>6,374,742</u>
<b><u>EXPENSES:</u></b>			
Program services:			
Gross funds awarded	3,931,416	-	3,931,416
Less: donor designations	(532,533)	-	(532,533)
	<u>3,398,883</u>	<u>-</u>	<u>3,398,883</u>
Community impact programs	1,177,187	-	1,177,187
Total program services	4,576,070	-	4,576,070
Management and general	678,046	-	678,046
Fundraising	559,181	-	559,181
Total expenses	<u>5,813,297</u>	<u>-</u>	<u>5,813,297</u>
Excess of revenues over (under) expenses	734,500	(173,055)	561,445
Change in funded status of pension plan	(13,038)	-	(13,038)
<b>CHANGE IN NET ASSETS</b>	<u>\$ 721,462</u>	<u>\$ (173,055)</u>	<u>\$ 548,407</u>

The accompanying notes are an integral part of these financial statements.

2019

Without Donor Restrictions	With Donor Restrictions	Total
\$ -	\$ 5,948,367	\$ 5,948,367
270,494	-	270,494
-	(454,724)	(454,724)
(3,239)	(519,506)	(522,745)
<u>267,255</u>	<u>4,974,137</u>	<u>5,241,392</u>
-	122,437	122,437
<u>267,255</u>	<u>5,096,574</u>	<u>5,363,829</u>
286,356	153,330	439,686
18,022	-	18,022
148,552	-	148,552
111,220	-	111,220
61,832	-	61,832
2,951,973	-	2,951,973
92,611	-	92,611
<u>3,937,821</u>	<u>5,249,904</u>	<u>9,187,725</u>
<u>5,662,372</u>	<u>(5,662,372)</u>	<u>-</u>
<u>9,600,193</u>	<u>(412,468)</u>	<u>9,187,725</u>
4,402,594	-	4,402,594
(588,512)	-	(588,512)
<u>3,814,082</u>	<u>-</u>	<u>3,814,082</u>
<u>1,260,845</u>	<u>-</u>	<u>1,260,845</u>
<u>5,074,927</u>	<u>-</u>	<u>5,074,927</u>
992,808	-	992,808
<u>1,025,953</u>	<u>-</u>	<u>1,025,953</u>
<u>7,093,688</u>	<u>-</u>	<u>7,093,688</u>
2,506,505	(412,468)	2,094,037
<u>25,347</u>	<u>-</u>	<u>25,347</u>
<u>\$ 2,531,852</u>	<u>\$ (412,468)</u>	<u>\$ 2,119,384</u>



**CAPITAL AREA UNITED WAY**  
**BATON ROUGE, LOUISIANA**

**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

2020

	<u>Community Impact</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Community impact funds	\$ 3,633,809	\$ -	\$ -	\$ 3,633,809
Less: donor designations	(532,533)	-	-	(532,533)
Disaster awards	228,107	-	-	228,107
Other program awards	69,500	-	-	69,500
	<u>3,398,883</u>	<u>-</u>	<u>-</u>	<u>3,398,883</u>
Salaries and wages	404,455	367,911	277,615	1,049,981
Payroll taxes	24,569	27,298	20,745	72,612
Employee benefits	94,532	127,064	44,082	265,678
Campaign supplies and expenses	65,525	2,738	17,559	85,822
Conferences, conventions, and travel	3,358	707	9,479	13,544
Depreciation	5,904	6,666	6,476	19,046
Donated goods and services	-	-	4,637	4,637
Dues and subscriptions	2,131	7,000	508	9,639
Equipment rental and repairs	33,271	43,245	44,742	121,258
Occupancy	20,704	38,709	79,055	138,468
Office supplies and postage	4,678	22,990	6,141	33,809
Professional fees	349,966	33,718	48,142	431,826
Program materials and expenses	61,850	-	-	61,850
United Way of America dues	106,244	-	-	106,244
	<u>1,177,187</u>	<u>678,046</u>	<u>559,181</u>	<u>2,414,414</u>
Total expenses	<u>\$ 4,576,070</u>	<u>\$ 678,046</u>	<u>\$ 559,181</u>	<u>\$ 5,813,297</u>

The accompanying notes are an integral part of these financial statements.

2019

Community Impact	Management and General	Fundraising	Total
\$ 4,167,144	\$ -	\$ -	\$ 4,167,144
(588,512)	-	-	(588,512)
148,450	-	-	148,450
87,000	-	-	87,000
<u>3,814,082</u>	<u>-</u>	<u>-</u>	<u>3,814,082</u>
341,703	385,794	374,771	1,102,268
25,055	28,287	27,479	80,821
103,453	116,802	113,465	333,720
50,668	57,205	55,571	163,444
6,550	7,395	7,184	21,129
6,725	7,593	7,375	21,693
-	-	18,022	18,022
2,345	2,647	2,571	7,563
40,266	45,462	44,162	129,890
42,566	48,059	46,686	137,311
7,994	9,025	8,767	25,786
555,059	235,437	228,710	1,019,206
78,461	-	-	78,461
-	49,102	91,190	140,292
<u>1,260,845</u>	<u>992,808</u>	<u>1,025,953</u>	<u>3,279,606</u>
<u>\$ 5,074,927</u>	<u>\$ 992,808</u>	<u>\$ 1,025,953</u>	<u>\$ 7,093,688</u>

**CAPITAL AREA UNITED WAY**  
**BATON ROUGE, LOUISIANA**

**STATEMENTS OF CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance at June 30, 2018	\$ 2,296,696	\$ 6,888,323	\$ 9,185,019
Change in net assets for the year ended June 30, 2019	<u>2,531,852</u>	<u>(412,468)</u>	<u>2,119,384</u>
Balance at June 30, 2019	4,828,548	6,475,855	11,304,403
Change in net assets for the year ended June 30, 2020	<u>721,462</u>	<u>(173,055)</u>	<u>548,407</u>
Balance at June 30, 2020	<u><u>\$ 5,550,010</u></u>	<u><u>\$ 6,302,800</u></u>	<u><u>\$ 11,852,810</u></u>

The accompanying notes are an integral part of these financial statements.

**CAPITAL AREA UNITED WAY**  
**BATON ROUGE, LOUISIANA**

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ 548,407	\$ 2,119,384
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	19,046	21,693
Amortization	71,282	69,006
Change in funded status pension obligation	13,038	(25,347)
Unrealized loss (gain) on investments	(5,765)	(23,822)
(Increase) decrease in pledges and other receivables	2,351,230	(1,954,766)
(Increase) decrease in prepaid expenses and other assets	20,559	11,620
Increase (decrease) in designations payable	(179,504)	(356,588)
Increase (decrease) in accounts payable and other liabilities	285,831	19,659
Net cash provided by (used in) operating activities	3,124,124	(119,161)
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchases of property and equipment	(60)	-
Purchases of investments and certificates of deposit	(9,993)	(16,910)
Net cash used in investing activities	(10,053)	(16,910)
Net increase (decrease) in cash and cash equivalents	3,114,071	(136,071)
Cash and cash equivalents - beginning of year	4,984,098	5,120,169
Cash and cash equivalents - end of year	\$ 8,098,169	\$ 4,984,098

The accompanying notes are an integral part of these financial statements.

**CAPITAL AREA UNITED WAY**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

1. Summary of significant accounting policies

The Capital Area United Way (CAUW or the Organization) is a nonprofit organization which serves the parishes of East Baton Rouge, Ascension, East Feliciana, Iberville, Livingston, Pointe Coupee, St. Helena, St. James, West Baton Rouge, and West Feliciana. Each fall, the CAUW conducts an annual united fundraising campaign, evaluates needed community services, and distributes funds, primarily in the following year, to various organizations that provide other community services in addition to providing program services in conjunction with these efforts.

The accounting and reporting policies of the Organization conform to the accounting principles generally accepted in the United States of America and the prevailing practices within the not-for-profit industry. The significant accounting policies used by the Organization in preparing and presenting its financial statements are summarized as follows:

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of presentation

The Organization prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, which requires the Organization to report financial information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions* - net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

*Net assets with donor restrictions* - net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. The Organization did not have net assets with permanent restrictions at either June 30, 2020 or 2019.

Cash and cash equivalents

For purposes of financial statement presentation, the Organization considers all highly liquid investments with maturities of ninety days or less at the date of acquisition to be cash equivalents.

Cash equivalents and certificates of deposit include funds held in certificates of deposit and money market funds at financial institutions which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk with respect to cash and cash equivalents or certificates of deposit.

**CAPITAL AREA UNITED WAY**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

1. Summary of significant accounting policies (continued)

Investments and investment income

Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value based on quoted market prices. For those investments for which quoted market prices are unavailable, management estimates fair value based on information provided by the fund managers or the general partners. Unrealized gains and losses are recorded in current year operations as increases or decreases in net assets without donor restrictions. Dividend, interest, and other investment income are recorded as increases in net assets without donor restrictions unless the use is restricted by the donor.

Donated investments are recorded at market value at the date of receipt, which is then treated as cost. Realized gains and losses on dispositions are based on the net proceeds and the adjusted cost bases of the securities sold, using the specific identification method, and these realized gains and losses flow through the Organization's current operations.

Property and equipment

Property and equipment are stated at cost. Donated property is recorded at its estimated fair value on the date of receipt, which is then treated as cost. Additions, renewals, and betterments that increase the values or extend the lives of assets are capitalized. Maintenance and repair expenditures are expensed as incurred.

Depreciation has been provided using the straight-line method over the estimated useful lives of the related assets, which range from 5 to 25 years.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gains or losses are recognized in the Organization's current operations.

Contributions and sponsorships

Contributions received are recorded based on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Grants receive the same accounting treatment as contributions, if the grant activity is to be planned and carried out by the Organization and the Organization has the right to the benefits of carrying out the activity.

Annual fall campaign results are reduced by pledges collected on behalf of others or pledged to a specific organization (i.e., donor designation) and by a provision for uncollectible pledges. The net campaign results are reflected as net assets with donor restrictions since the amounts are generally collected over time and disbursed during subsequent periods.

**CAPITAL AREA UNITED WAY**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

1. Summary of significant accounting policies (continued)

Contributed services

The Organization recognizes revenue for certain services received at the estimated fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased, if not provided by donation.

Allocated expenses

Expenses are allocated between program and supporting services based upon the results of time studies. Fundraising expenses related to the annual campaign are conducted throughout the year and are expensed when incurred. Management and general expenses include those expenses not directly identifiable with a specific function but provide for the overall support and direction of the Organization.

Income tax status

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes pursuant to Section 501(a) of the Internal Revenue Code. Accordingly, no provision for income taxes is necessary.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain tax position that would more likely than not be substantiated upon examination. Management has analyzed the tax positions taken by the Organization and has concluded that as of June 30, 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress.

Advertising costs

Advertising costs, which are included in campaign expenses, are expensed as incurred.

Recently adopted accounting pronouncements

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Organization adopted this standard effective July 1, 2019, with no significant impacts to its financial position or results of its operations.

**CAPITAL AREA UNITED WAY**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

1. Summary of significant accounting policies (continued)

Accounting pronouncements issued but not yet adopted

ASU 2014-09, *Revenue from Contracts with Customers*, was issued to update the revenue recognition standard in order to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as to help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. This standard will be effective for periods beginning after December 15, 2019.

In February 2016, the FASB issued ASU 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements in excess of 12 months on the consolidated statements of financial position and to provide additional disclosures. This ASU is effective for annual periods beginning after December 15, 2021.

The Organization is currently assessing the impact of these pronouncements on its financial statements.

Reclassifications

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

2. Campaign pledges receivable

Campaign pledges receivable were comprised of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
United Way:		
2019 Campaign	\$ 2,736,389	\$ 36,400
2018 Campaign and prior	<u>25,000</u>	<u>2,688,776</u>
	2,761,389	2,725,176
Less allowance for uncollectible pledges	<u>( 410,709)</u>	<u>( 370,869)</u>
	<u>\$ 2,350,680</u>	<u>\$ 2,354,307</u>

3. Building lease receivable

During the year ended June 30, 2006, the Organization received a donation of a 25-year lease for its office building to be occupied rent-free through December 31, 2030. At the time of the lease donation, the Organization estimated that the rental rates for comparable facilities would be \$8,500 per month.

At the time of the donation, a building lease receivable and corresponding contribution were recorded equal to the present value of the monthly rentals (assuming a discount rate of 3.25%). The annual rental of \$102,000 was recorded, net of the amortized discount, resulting in net office rent expense of \$71,282 and \$69,006 for the years ended June 30, 2020 and 2019, respectively.



**CAPITAL AREA UNITED WAY**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

3. Building lease receivable (continued)

Rent expense expected to be recorded in future years, in accordance with the lease agreement, is as follows:

<u>Year ending June 30th</u>	<u>Lease Amount</u>	<u>Discount Amortization</u>	<u>Net Expense</u>
2021	\$ 102,000	\$ 28,366	\$ 73,634
2022	102,000	25,937	76,063
2023	102,000	23,428	78,572
2024	102,000	20,836	81,164
2025	102,000	18,159	83,841
Thereafter	<u>561,000</u>	<u>47,915</u>	<u>513,085</u>
	<u>\$ 1,071,000</u>	<u>\$ 164,641</u>	<u>\$ 906,359</u>

4. Investments

Investments consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Assets held by the Baton Rouge Area Foundation on behalf of the CAUW	<u>\$ 406,101</u>	<u>\$ 400,336</u>

5. Property and equipment

Property and equipment consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Furniture, fixtures and office equipment	\$ 575,078	\$ 575,018
Leasehold improvements	<u>283,631</u>	<u>283,631</u>
	858,709	858,649
Less: accumulated depreciation	<u>( 786,531)</u>	<u>( 767,485)</u>
	<u>\$ 72,178</u>	<u>\$ 91,164</u>

Depreciation expense totaled \$19,046 and \$21,693 for the year ended June 30, 2020 and 2019, respectively.

6. Line-of-credit

The Capital Area United Way has established a \$500,000 line of credit through Regions Bank. The line of credit expires in May of 2021. There were no draws on the line of credit during the years ended June 30, 2020 or 2019.

**CAPITAL AREA UNITED WAY**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

7. Note payable

In conjunction with the CARES Act, the CAUW applied for assistance under the Small Business Administration's (SBA) Paycheck Protection Program (PPP). The PPP provides qualifying businesses with funds to pay payroll costs including benefits. These funds can also be used to pay interest on mortgages, rent, and utilities. On April 21, 2020, the Center received an unsecured loan in the amount of \$275,700 under the PPP, and the loan accrues interest at a fixed rate of 1.00%. An additional feature of this program is that some portion or all of the amounts borrowed under the PPP may effectively be converted to a grant through a special loan forgiveness provision if certain criteria are met. This loan was forgiven effective November 21, 2020.

8. Agency transactions / designations payable

Agency transactions include contributions designated by donors for payment to specified organizations. These transactions are accounted for as pass-through transactions which represent transfers of assets from resource providers (contributors) to intermediary not-for-profit organizations (CAUW) that act as agents for resource providers by transferring those assets to specified third-party recipients. When contributors to the fundraising campaign designate specific beneficiaries, the Capital Area United Way has no discretion in distributing those assets. Such amounts are not recorded as revenues or expenses. When such amounts are collected they are recorded as designations payable until remitted to the underlying beneficiary organization.

9. Defined benefit plan

The Organization has a non-contributory defined benefit pension plan that provides retirement benefits to individuals who were employed by the CAUW before April 1, 2007, and met the eligibility requirements. The Plan was frozen effective April 1, 2007, and the participants in this Plan stopped accruing benefits at that time; however, those participants did become 100% vested in the benefits accrued through this date. No additional employees are able to participate in the Plan. The Organization's funding policy is to annually contribute amounts that meet the minimum funding requirements of the Employment Retirement Income Security Act of 1974 (ERISA).

Accounting standards require the CAUW to recognize the underfunded status of its defined benefit pension plan as a liability on its statements of financial position. The following tables set forth the funding status of the Plan as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Fair value of plan assets at end of year	\$ 305,330	\$ 263,412
Projected benefit obligation	<u>( 526,324)</u>	<u>( 471,368)</u>
Unfunded pension obligation	<u>(\$ 220,994)</u>	<u>(\$ 207,956)</u>

**CAPITAL AREA UNITED WAY**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

9. Defined benefit plan (continued)

Changes in the projected benefit obligations at June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Benefit obligation at the beginning of the year	\$ 471,368	\$ 457,232
Service cost	4,820	4,930
Interest cost	15,358	18,193
Change due to assumption changes	43,277	30,091
Actuarial gain	( 1,179)	( 4,844)
Effects of settlement	-	2,181
Benefits paid and expenses	( 7,320)	( 36,415)
Benefit obligation at the end of the year	<u>\$ 526,324</u>	<u>\$ 471,368</u>

The weighted average assumptions used to estimate benefit obligations at June 30, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Discount rate	2.25%	3.25%
Average annual increase in compensation	N/A	N/A
Expected long-term rate of return on plan assets	5.50%	5.50%

The actuarially computed net periodic pension cost included the following components during the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Service cost	\$ 4,820	\$ 4,930
Interest cost	15,358	18,193
Actual return on plan assets	( 21,838)	( 16,598)
Actuarial loss amortization	18,017	14,017
Net periodic pension cost	<u>\$ 16,357</u>	<u>\$ 20,542</u>

Total pension expense (benefit) recognized for the year, including the change to the underfunded status, was approximately \$29,000 and \$35,000 for the years ended June 30, 2020 and 2019, respectively.

The weighted average assumptions used to determine net pension cost for the years ended June 30, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Discount rate	3.25%	4.0%
Average annual increase in compensation	N/A	N/A
Expected long-term rate of return on plan assets	5.50%	5.50%
Post-retirement interest rate	5.50%	5.50%

**CAPITAL AREA UNITED WAY**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

9. Defined benefit plan (continued)

The expected long-term rate of return on plan assets was developed by considering historical plan performance, current asset allocation, and forecasts of future returns.

The changes in the fair value of the plan assets were as follows during the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Fair value of plan assets at the beginning of the year	\$ 263,412	\$ 223,929
Actual return on plan assets	21,838	16,598
Employer contributions	27,400	59,300
Benefits paid and expenses	( 7,320)	( 36,415)
Fair value of plan assets at the end of the year	<u>\$ 305,330</u>	<u>\$ 263,412</u>

All of the Plan's assets were invested in fixed income securities (level 2 investments) at both June 30, 2020 and 2019. Since the United Way is currently exploring the possibility of closing out the Plan, expected future benefit payments are not known at this time.

10. Net assets

The Board of Directors has chosen to place the following limitations on net assets without donor restrictions as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Funds held by Baton Rouge Area Foundation	\$ 406,101	\$ 400,336
Funds held for Defined Benefit Plan	451,500	110,000
Funds held for Community Impact Program	107,971	124,270
Funds held for Buildings	83,539	83,539
Funds held for Technology	15,207	15,207
Funds held for Operational Reserves	<u>2,140,885</u>	<u>640,885</u>
Total	<u>\$ 3,205,203</u>	<u>\$ 1,374,237</u>

Net assets with donor restrictions were available for the following purposes or periods as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Campaign revenues for future periods	\$ 5,160,099	\$ 5,033,778
Building lease receivable	906,359	977,641
Disaster relief	57,607	57,607
VITA grant - tax preparation	155,545	155,530
Flood relief	<u>23,190</u>	<u>251,299</u>
	<u>\$ 6,302,800</u>	<u>\$ 6,475,855</u>

**CAPITAL AREA UNITED WAY**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

11. Endowed net assets

The Organization has established prudent investment and spending policies with the objective of maintaining the purchasing power of its endowed net assets in perpetuity. The investment policy sets forth the guidelines relative to asset allocation parameters and investment return goals. The spending policy sets forth guidelines related to the amount of financial support available and the types of programs funded. Both policies are reviewed annually by the Organization's Board of Directors.

A summary of endowed net assets (board-designated endowment) as of June 30, 2020 and 2019, is as follows:

	<u>2020</u>	<u>2019</u>
Board-designated endowment	\$ <u>406,101</u>	\$ <u>400,336</u>

A summary of changes in endowed net assets for the years ended June 30, 2020 and 2019, is as follows:

Endowed net assets - June 30, 2018	\$ 376,514
Investment gain	<u>23,822</u>
Endowed net assets - June 30, 2019	400,336
Investment gain	<u>5,765</u>
Endowed net assets - June 30, 2020	\$ <u>406,101</u>

12. Defined contribution plan

The CAUW maintains a 403(b) retirement and thrift plan for all eligible employees. The Organization makes matching contributions equal to 100% of each employee's elective contribution up to a maximum of 3% of eligible compensation, after the employee has completed one year of service. The Organization can also make additional discretionary contributions. Participants vest immediately in their voluntary contributions and over a five-year period for contributions made by the CAUW. Total expenses related to this Plan totaled approximately \$71,000 and \$69,000 for the years ended June 30, 2020 and 2019, respectively.

13. Disclosures about the fair value of financial instruments

In accordance with the *Fair Value Measurements and Disclosure* topic of the FASB Accounting Standards Codification, disclosure of fair value information about financial instruments is required. Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instruments. Therefore, the aggregate fair value amounts presented do not necessarily represent the underlying value of the Organization.

**CAPITAL AREA UNITED WAY**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

13. Disclosures about the fair value of financial instruments (continued)

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

*Fair Value Hierarchy*

The topic on *Fair Value Measurements and Disclosures* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

- Level 1 - valuation is based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2 - valuation is based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.
- Level 3 - valuation is based on unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following methods and assumptions were used by the Organization in estimating its fair value measurements and disclosures for financial instruments:

*Investments* - valued at the net asset value (NAV) of shares held by the Organization at year end.

*Fixed income securities* - valued using pricing models maximizing the use of observable inputs for similar securities.

**CAPITAL AREA UNITED WAY**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

13. Disclosures about the fair value of financial instruments (continued)

*Limitations* - fair value estimates are made at a specific point in time, based on relevant market information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

*Fair Value of Assets and Liabilities Measured on a Recurring Basis*

The Organization's investments are measured on a recurring basis through estimates and assumptions made by the Baton Rouge Area Foundation. All of the Organization's investments, including the fixed income securities held by the Organization's defined benefit plan, are considered level 2 investments.

14. Liquidity

The Organization has the following financial assets available to meet its general needs, excluding amounts that are not available for general use within one year of the statement of financial position date because of donor imposed restrictions or internal designations:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 8,098,169	\$ 4,984,098
Certificates of deposit	1,091,373	1,081,380
Campaign pledges receivable, net	2,350,680	2,354,307
Other receivables	60,570	2,408,173
Investments	<u>406,101</u>	<u>400,336</u>
	12,006,893	11,228,294
Less: assets with donor restrictions, including future campaigns	( 6,302,800)	( 6,475,805)
Less: assets with board designations	<u>( 3,205,203)</u>	<u>( 1,374,237)</u>
	<u>\$ 2,498,890</u>	<u>\$ 3,378,252</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has established a line of credit in the amount of \$500,000, which it could draw upon if needed.

**CAPITAL AREA UNITED WAY**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

15. Fundraising and management and general expense ratio

The Capital Area United Way computes its fundraising and management and general expense ratio as recommended in Functional Expenses and Overhead Reporting Standards/or United Ways as revised in 2004. The numerator includes fundraising and management and general expenses. Fundraising costs include marketing and communication expenses. The computation of the ratio for the years ended June 30, 2020 and 2019 is as follows:

	2020	2019
Numerator:		
Management and general	\$ 678,046	\$ 992,808
Fundraising	559,181	1,025,953
	\$ 1,237,227	\$ 2,018,761
Denominator:		
Total revenues and support	\$ 7,314,909	\$ 10,053,974
Overhead ratio:	16.91%	20.08%

16. Risks and uncertainties

In March of 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, and the virus continues to spread throughout the United States. The COVID-19 pandemic has negatively impacted the global economy and created significant volatility and disruption of financial markets. The extent of the impact of the COVID-19 pandemic on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on donors, vendors, and employees, all of which are uncertain and cannot be predicted. The extent to which the COVID-19 pandemic may directly or indirectly impact the Organization's financial condition or results of operations cannot be reasonably estimated at this time.

17. Subsequent events

Management has evaluated subsequent events through December 22, 2020, the date that the financial statements were available to be issued, and determined that no additional disclosures are necessary. No events occurring after this date have been considered for inclusion in these financial statements.



**CAPITAL AREA UNITED WAY**  
**BATON ROUGE, LOUISIANA**

**SCHEDULE OF COMMUNITY ALLOCATIONS, GRANTS, AND DESIGNATIONS**  
**YEAR ENDED JUNE 30, 2020**

Agency	Community Impact Funds Awarded	Donor Designations	Disaster Awards	Total Payments
100 Black Men of Metro Baton Rouge, Ltd.	\$ 31,000	\$ 17,091	\$ -	\$ 48,091
Adult Literacy Advocates	41,000	4,305	-	45,305
ALS Association	1,000	-	-	1,000
American Diabetes Association	-	8,437	-	8,437
American Heart Association, B.R.	-	209	-	209
American Red Cross	60,000	11,703	-	71,703
AMI Kids	-	5,843	-	5,843
Arts Council of Greater Baton Rouge	11,000	-	-	11,000
Ascension Parish School Board	11,602	-	-	11,602
Baton Rouge Children's Advocacy Center	104,000	11,193	-	115,193
Baton Rouge Community College Foundation	15,000	-	-	15,000
Baton Rouge Crisis Intervention	1,000	-	-	1,000
Baton Rouge Youth Coalition (BRYC)	21,000	2,967	-	23,967
Big Buddy Program	214,000	4,706	-	218,706
Boys & Girls Clubs of GBR	178,791	6,398	-	185,189
Cancer Services	1,000	104,395	-	105,395
Capital Area Agency on Aging	-	2,941	-	2,941
Capital Area Family Violence	-	7,455	-	7,455
Catholic Community Services	146,000	45,345	-	191,345
Charity Christian Center Church	1,000	-	-	1,000
Child Advocacy Services	51,000	12,583	-	63,583
Children's Miracle Network Hospitals	-	29	-	29
City Year	60,000	-	-	60,000
Crossroads Recovery House	6,120	-	-	6,120
Donaldsonville Area ARC, Inc.	-	22,761	-	22,761
Donaldsonville Area Foundation	15,000	-	-	15,000
Donaldsonville Fire Department	-	1,374	-	1,374
East Feliciana Parish Schools	46,000	2,713	-	48,713
Epilepsy Foundation of Louisiana	-	4,066	-	4,066
Families Helping Families of GBR, Inc.	1,000	1,582	-	2,582
Family and Youth Service Center	1,000	-	-	1,000
Family Service of Greater Baton Rouge	130,000	2,829	-	132,829
Family to Family Support Network	4,350	-	-	4,350
Front Yard Bikes	44,000	-	-	44,000
Girl Scouts Louisiana East	28,500	-	-	28,500
Goodwill Industries of SELA	150,000	-	-	150,000
Greater Baton Rouge Economic Partnership	5,000	-	-	5,000
Greater Baton Rouge Food Bank	81,474	38,636	-	120,110
Habitat for Humanity of Greater Baton Rouge	14,500	-	-	14,500
Happi Llandiers, Inc.	-	1,546	-	1,546
HOPE Ministries of Baton Rouge	145,000	10,899	-	155,899

**CAPITAL AREA UNITED WAY**  
**BATON ROUGE, LOUISIANA**

**SCHEDULE OF COMMUNITY ALLOCATIONS, GRANTS, AND DESIGNATIONS**  
**YEAR ENDED JUNE 30, 2020**

Agency	Community Impact Funds Awarded	Donor Designations	Disaster Awards	Total Payments
HOPE Ministries of Pointe Coupee	\$ 3,500	\$ -	\$ -	\$ 3,500
IRIS Domestic Violence Center	60,000	-	-	60,000
Junior Achievement of Greater Baton Rouge	12,500	-	-	12,500
Kids Orchestra, Inc.	71,000	-	-	71,000
Leadership training	43,000	-	-	43,000
Long Term Recover - Flood	-	-	228,107	228,107
Louisiana 4-H Foundation	15,000	9,161	-	24,161
Louisiana Arts and Science Museum	1,000	-	-	1,000
Louisiana Health and Rehab Center, Inc.	-	422	-	422
Louisiana Industries for the Disabled, Inc.	1,000	-	-	1,000
Louisiana Parole Project, Inc.	9,800	-	-	9,800
Louisiana Resource Center for Educators	-	1,206	-	1,206
Louisiana Wildlife and Fisheries Foundation	6,780	-	-	6,780
Mary Bird Perkins Cancer Center	12,000	-	-	12,000
McMains Children's Developmental Center	76,000	20,081	-	96,081
Meaningful Autistic Resources for Kids	1,000	-	-	1,000
Mental Health Association of Greater Baton Rouge	76,000	10,278	-	86,278
Mid City Redevelopment Alliance, Inc.	15,000	3,239	-	18,239
O'Brien House	80,000	6,685	-	86,685
Opening Doors	40,000	-	-	40,000
Our Lady of the Lake Children's Hospital	-	1,438	-	1,438
Regina Coeli Child Development Center	50,000	377	-	50,377
Revelation Knowledge, Inc.	1,000	-	-	1,000
Salvation Army of Greater Baton Rouge	15,000	-	-	15,000
Shriners Hospitals for Children	-	2,607	-	2,607
Southeast Louisiana Legal Services	58,000	-	-	58,000
St. James ARC	-	40,101	-	40,101
St. James Council on Aging	36,000	5,404	-	41,404
St. Jude Baton Rouge Affiliate Clinic	-	1,188	-	1,188
St. Jude Children's Research Hospital	-	20,103	-	20,103
St. Vincent de Paul	154,927	15,784	-	170,711
Stand for Children Leadership Center	1,000	-	-	1,000
Tankproof	12,000	-	-	12,000
Teach for America, South Louisiana	15,000	-	-	15,000
The ARC - Iberville and West Baton Rouge	5,000	3,834	-	8,834
The ARC Baton Rouge	100,000	2,640	-	102,640
The ARC of East Ascension/COEA	6,550	4,963	-	11,513
The Bridge Agency, Inc.	1,000	-	-	1,000
The Emerge Center	212,147	12,601	-	224,748
The Hospice of Baton Rouge	-	1,108	-	1,108
The JL Foundation	-	57	-	57

**CAPITAL AREA UNITED WAY**  
**BATON ROUGE, LOUISIANA**

**SCHEDULE OF COMMUNITY ALLOCATIONS, GRANTS, AND DESIGNATIONS**  
**YEAR ENDED JUNE 30, 2020**

Agency	Community Impact Funds Awarded	Donor Designations	Disaster Awards	Total Payments
The Life of a Single Mom	\$ 36,935	\$ 4,175	\$ -	\$ 41,110
The Recreation and Park Commission	-	1,849	-	1,849
The Safety Place	11,000	-	-	11,000
The Salvation Army	145,000	19,968	-	164,968
The Walls Project	25,000	-	-	25,000
Tides Center	-	774	-	774
United Way for South Louisiana	-	1,688	-	1,688
United Way of Amarillo & Canyon	-	325	-	325
United Way of East/Central Texas	-	74	-	74
UpLIFTD	-	799	-	799
Urban League of Louisiana	-	1,343	-	1,343
Urban Restoration Enhancement	-	76	-	76
Volunteer Ascension	9,300	-	-	9,300
Volunteers in Public Schools (VIPS)	-	551	-	551
Volunteers of America	-	2,394	-	2,394
West Feliciana Public Schools	31,000	-	-	31,000
YMCA of the Capital Area	-	1,658	-	1,658
Youth Oasis	1,000	-	-	1,000
YWCA Greater Baton Rouge	100,000	1,576	-	101,576
	<u>\$ 3,170,776</u>	<u>\$ 532,533</u>	<u>\$ 228,107</u>	<u>\$ 3,931,416</u>